

REFERENCE TITLE: ready-to-drink spirits products; tax

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HB 2627

Introduced by
Representative Weninger

AN ACT

AMENDING SECTIONS 4-101, 4-203, 4-206.01, 42-3001, 42-3052, 42-3351, 42-3354 AND 42-3355, ARIZONA REVISED STATUTES; RELATING TO LIQUOR TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 4-101, Arizona Revised Statutes, is amended to
3 read:

4 4-101. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Act of violence":

7 (a) Means an incident that consists of a riot, a fight, an
8 altercation or tumultuous conduct and that meets at least one of the
9 following criteria:

10 (i) ~~in which~~ Bodily injuries are sustained by any person and the
11 injuries would be obvious to a reasonable person.

12 (ii) IS of sufficient intensity as to require the intervention of a
13 peace officer to restore normal order.

14 (iii) ~~in which~~ A weapon is brandished, displayed or used.

15 (iv) ~~in which~~ A licensee or an employee or contractor of the
16 licensee fails to follow a clear and direct lawful order from a law
17 enforcement officer or a fire marshal.

18 (b) Does not include the use of nonlethal devices by a peace
19 officer.

20 2. "Aggrieved party" means a person who resides at, owns or leases
21 property within a one-mile radius of premises proposed to be licensed and
22 who filed a written request with the department to speak in favor of or
23 opposition to the issuance of the license not later than sixty days after
24 filing the application or fifteen days after action by the local governing
25 body, whichever is sooner.

26 3. "Beer":

27 (a) Means any beverage obtained by the alcoholic fermentation,
28 infusion or decoction of barley malt, hops, rice, bran or other grain,
29 glucose, sugar or molasses, or any combination of them, and may include,
30 as adjuncts in fermentation, honey, fruit, fruit juice, fruit concentrate,
31 herbs, spices and other food materials.

32 (b) Includes beer aged in an empty wooden barrel previously used to
33 contain wine or distilled spirits and as such is not considered a dilution
34 or mixture of any other spirituous liquor.

35 4. "Biometric identity verification device" means a device
36 authorized by the department that instantly verifies the identity and age
37 of a person by an electronic scan of a biometric of the person, through a
38 fingerprint, iris image, facial image or other biometric characteristic,
39 or any combination of these characteristics, that references the person's
40 identity and age against any record described in section 4-241, subsection
41 K, and that meets all of the following conditions:

42 (a) The authenticity of the record was previously verified by an
43 electronic authentication process.

44 (b) The identity of and information about the record holder was
45 previously verified through either:

1 (i) A secondary, electronic authentication process or set of
2 processes using commercially available data, such as a public records
3 query or a knowledge-based authentication quiz.

4 (ii) Using a state or federal government system of records for
5 digital authentication.

6 (c) The authenticated record was securely linked to biometrics
7 contemporaneously collected from the verified record holder and is stored
8 in a centralized, highly secured, encrypted biometric database.

9 5. "Board" means the state liquor board.

10 6. "Bona fide guest" means:

11 (a) An individual who is personally familiar to the member, who is
12 personally sponsored by the member and whose presence as a guest is in
13 response to a specific and personal invitation.

14 (b) In the case of a club that meets the criteria prescribed in
15 paragraph 8, subdivision (a) of this section, a current member of the
16 armed services of the United States who presents proper military
17 identification and any member of a recognized veterans' organization of
18 the United States and of any country allied with the United States during
19 current or past wars or through treaty arrangements.

20 7. "Broken package" means any container of spirituous liquor on
21 which the United States tax seal has been broken or removed or from which
22 the cap, cork or seal placed on the container by the manufacturer has been
23 removed.

24 8. "Club" includes any of the following organizations where the
25 sale of spirituous liquor for consumption on the premises is made only to
26 members, spouses of members, families of members, bona fide guests of
27 members and guests at other events authorized in this title:

28 (a) A post, chapter, camp or other local unit composed solely of
29 veterans and its duly recognized auxiliary that has been chartered by the
30 Congress of the United States for patriotic, fraternal or benevolent
31 purposes and that has, as the owner, lessee or occupant, operated an
32 establishment for that purpose in this state.

33 (b) A chapter, aerie, parlor, lodge or other local unit of an
34 American national fraternal organization that has, as the owner, lessee or
35 occupant, operated an establishment for fraternal purposes in this state.
36 An American national fraternal organization as used in this subdivision
37 shall actively operate in at least thirty-six states or have been in
38 active continuous existence for at least twenty years.

39 (c) A hall or building association of a local unit mentioned in
40 subdivisions (a) and (b) of this paragraph of which all of the capital
41 stock is owned by the local unit or the members and that operates the
42 clubroom facilities of the local unit.

43 (d) A golf club that has more than fifty bona fide members and that
44 owns, maintains or operates a bona fide golf links together with a
45 clubhouse.

1 (e) A social club that has more than one hundred bona fide members
2 who are actual residents of the county in which it is located, that owns,
3 maintains or operates club quarters, that is authorized and incorporated
4 to operate as a nonprofit club under the laws of this state, and that has
5 been continuously incorporated and operating for a period of at least one
6 year. The club shall have had, during this one-year period, a bona fide
7 membership with regular meetings conducted at least once each month, and
8 the membership shall be and shall have been actively engaged in carrying
9 out the objects of the club. The club's membership shall consist of bona
10 fide dues-paying members paying dues of at least \$6 per year, payable
11 monthly, quarterly or annually, which have been recorded by the secretary
12 of the club, and the members at the time of application for a club license
13 shall be in good standing having for at least one full year paid dues. At
14 least fifty-one percent of the members shall have signified their
15 intention to secure a social club license by personally signing a
16 petition, on a form prescribed by the board, which shall also include the
17 correct mailing address of each signer. The petition shall not have been
18 signed by a member at a date earlier than one hundred eighty days before
19 the filing of the application. The club shall qualify for exemption from
20 the payment of state income taxes under title 43. It is the intent of
21 this subdivision that a license shall not be granted to a club that is, or
22 has been, primarily formed or activated to obtain a license to sell
23 liquor, but solely to a bona fide club, where the sale of liquor is
24 incidental to the main purposes of the club.

25 (f) An airline club operated by or for airlines that are
26 certificated by the United States government and that maintain or operate
27 club quarters located at airports with international status.

28 9. "Company" or "association", when used in reference to a
29 corporation, includes successors or assigns.

30 10. "Control" means the power to direct or cause the direction of
31 the management and policies of an applicant or licensee, whether through
32 the ownership of voting securities or a partnership interest, by agreement
33 or otherwise. Control is presumed to exist if a person has the direct or
34 indirect ownership of or power to vote ten percent or more of the
35 outstanding voting securities of the applicant or licensee or to control
36 in any manner the election of one or more of the directors of the
37 applicant or licensee. In the case of a partnership, control is presumed
38 to mean the general partner or a limited partner who holds ten percent or
39 more of the voting rights of the partnership. For the purposes of
40 determining the percentage of voting securities owned, controlled or held
41 by a person, there shall be aggregated with the voting securities
42 attributed to the person the voting securities of an officer, partner,
43 employee or agent of the person or a spouse, parent or child of the
44 person. Control is also presumed to exist if a creditor of the applicant
45 or licensee holds a beneficial interest in ten percent or more of the

1 liabilities of the licensee. The presumptions in this paragraph regarding
2 control are rebuttable.

3 11. "Controlling person" means a person directly or indirectly
4 possessing control of an applicant or licensee.

5 12. "Craft distiller" means a distiller in the United States or in
6 a territory or possession of the United States that holds a license
7 pursuant to section 4-205.10.

8 13. "Department" means the department of liquor licenses and
9 control.

10 14. "Director" means the director of the department of liquor
11 licenses and control.

12 15. "Distilled spirits":

13 (a) Includes alcohol, brandy, whiskey, rum, tequila, mescal, gin,
14 absinthe, a compound or mixture of any of them or of any of them with any
15 vegetable or other substance, alcohol bitters, bitters containing alcohol,
16 fruits preserved in ardent spirits, and any alcoholic mixture or
17 preparation, whether patented or otherwise, that may in sufficient
18 quantities produce intoxication.

19 (b) INCLUDES READY-TO-DRINK SPIRITS PRODUCTS UNLESS EXPRESSLY
20 PROVIDED OTHERWISE.

21 16. "Employee" means any person who performs any service on
22 licensed premises on a full-time, part-time or contract basis with consent
23 of the licensee, whether or not the person is denominated an employee or
24 independent contractor or otherwise. Employee does not include a person
25 who is exclusively on the premises for musical or vocal performances, for
26 repair or maintenance of the premises or for the delivery of goods to the
27 licensee.

28 17. "Farm winery" means a winery in the United States or in a
29 territory or possession of the United States that holds a license pursuant
30 to section 4-205.04.

31 18. "Government license" means a license to serve and sell
32 spirituous liquor on specified premises available only to a state agency,
33 state board, state commission, county, city, town, community college or
34 state university or the national guard or Arizona coliseum and exposition
35 center on application by the governing body of the state agency, state
36 board, state commission, county, city, town, community college or state
37 university or the national guard or Arizona exposition and state fair
38 board.

39 19. "Legal drinking age" means twenty-one years of age or older.

40 20. "License" means a license or an interim retail permit issued
41 pursuant to this title.

42 21. "Licensee" means a person who has been issued a license or an
43 interim retail permit pursuant to this title or a special event licensee.

1 22. "License fees" means fees collected for license issuance,
2 license application, license renewal, interim permit issuance and license
3 transfer between persons or locations.

4 23. "Manager" means a natural person who meets the standards
5 required of licensees and who has authority to organize, direct, carry on,
6 control or otherwise operate a licensed business on a temporary or
7 full-time basis.

8 24. "Menu food item" means a food item from a regular menu, special
9 menu or happy hour menu that is prepared by the licensee or the licensee's
10 employee.

11 25. "Microbrewery" means a brewery in the United States or in a
12 territory or possession of the United States that meets the requirements
13 of section 4-205.08.

14 26. "Mixed cocktail":

15 (a) Means any drink combined at the premises of an authorized
16 licensee that contains a spirituous liquor and that is combined with at
17 least one other ingredient, which may include additional spirituous
18 liquors, fruit juice, vegetable juice, mixers, cream, flavored syrup or
19 other ingredients except water, and that when combined contains more than
20 one-half of one percent of alcohol by volume.

21 (b) Does not include a drink sold in an original manufacturer's
22 packaging or any drink poured from an original manufacturer's package
23 without the addition of all of the cocktail's other ingredients at the
24 premises of the licensed bar, liquor store or restaurant.

25 27. "Off-sale retailer" means any person that operates a bona fide
26 regularly established retail liquor store ~~selling~~ THAT SELLS spirituous
27 liquors, wines and beer and any established retail store that sells
28 commodities other than spirituous liquors and that is engaged in the sale
29 of spirituous liquors only in the original unbroken package, to be taken
30 away from the premises of the retailer and to be consumed off the
31 premises.

32 28. "On-sale retailer" means any person operating an establishment
33 where spirituous liquors are sold in the original container for
34 consumption on or off the premises or in individual portions for
35 consumption on the premises.

36 29. "Permanent occupancy" means the maximum occupancy of the
37 building or facility as set by the office of the state fire marshal for
38 the jurisdiction in which the building or facility is located.

39 30. "Person" includes a partnership, limited liability company,
40 association, company or corporation, as well as a natural person.

41 31. "Premises" or "licensed premises":

42 (a) Means the area from which the licensee is authorized to sell,
43 dispense or serve spirituous liquors under the provision of the
44 license. ~~Premises or licensed premises~~

(b) Includes a patio that is not contiguous to the remainder of the premises or licensed premises if the patio is separated from the remainder of the premises or licensed premises by a public or private walkway or driveway not to exceed thirty feet, subject to rules the director may adopt to establish criteria for noncontiguous premises.

32. "READY-TO-DRINK SPIRITS PRODUCTS" MEANS DISTILLED SPIRITS MIXED WITH OTHER BEVERAGES THAT MAY CONTAIN FLAVORING OR COLORING MATERIALS AND OTHER INGREDIENTS, THAT DO NOT EXCEED TWELVE PERCENT ALCOHOL BY VOLUME AND THAT ARE SOLD IN THE MANUFACTURER'S ORIGINAL PACKAGING.

~~32.~~ 33. "Registered alcohol delivery contractor":

(a) Means a person who delivers spirituous liquor to a consumer on behalf of a bar, beer and wine bar, liquor store, beer and wine store or restaurant.

(b) Does not include:

(i) A motor carrier as defined in section 28-5201.

(ii) An independent contractor, a subcontractor of an independent contractor, an employee of an independent contractor or an employee of a subcontractor as provided in section 4-203, subsection J.

~~33.~~ 34. "Registered mail" includes certified mail.

~~34.~~ 35. "Registered retail agent" means any person who is authorized pursuant to section 4-222 to purchase spirituous liquors for and on behalf of the person and other retail licensees.

~~35.~~ 36. "Repeated acts of violence" means:

(a) For licensed premises with a permanent occupancy of two hundred or fewer persons, two or more acts of violence occurring within seven days or three or more acts of violence occurring within thirty days.

(b) For licensed premises with a permanent occupancy of more than two hundred but not more than four hundred persons, four or more acts of violence within thirty days.

(c) For licensed premises with a permanent occupancy of more than four hundred but not more than six hundred fifty persons, five or more acts of violence within thirty days.

(d) For licensed premises with a permanent occupancy of more than six hundred fifty but not more than one thousand fifty persons, six or more acts of violence within thirty days.

(e) For licensed premises with a permanent occupancy of more than one thousand fifty persons, seven or more acts of violence within thirty days.

~~36.~~ 37. "Sell" includes soliciting or receiving an order for, keeping or exposing for sale, directly or indirectly delivering for value, peddling, keeping with intent to sell and trafficking in.

~~37.~~ 38. "Spirituous liquor" includes alcohol, brandy, whiskey, rum, tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or malt beverage, absinthe, a compound or mixture of any of them or of any of them with any vegetable or other substance, alcohol bitters, bitters

1 containing alcohol, any liquid mixture or preparation, whether patented or
2 otherwise, that produces intoxication, fruits preserved in ardent spirits,
3 and beverages containing more than one-half of one percent of alcohol by
4 volume.

5 ~~38.~~ 39. "Tamperproof sealed" means designed to prevent consumption
6 without the removal of a tamperproof cap, seal, cork or closure that has a
7 device, mechanism or adhesive that clearly shows whether a container has
8 been opened.

9 ~~39.~~ 40. "Vehicle" means any means of transportation by land, water
10 or air, and includes everything made use of in any way for such
11 transportation.

12 ~~40.~~ 41. "Vending machine" means a machine that dispenses
13 merchandise through the means of coin, token, credit card or other
14 nonpersonal means of accepting payment for merchandise received.

15 ~~41.~~ 42. "Veteran" means a person who has served in the United
16 States air force, army, navy, marine corps or coast guard, as an active
17 nurse in the services of the American red cross, in the army and navy
18 nurse corps in time of war, or in any expedition of the armed forces of
19 the United States, and who has received a discharge other than
20 dishonorable.

21 ~~42.~~ 43. "Voting security" means any security presently entitling
22 the owner or holder of the security to vote for the election of directors
23 of an applicant or a licensee.

24 ~~43.~~ 44. "Wine" means the product obtained by the fermentation of
25 grapes, other agricultural products containing natural or added sugar or
26 cider or any such alcoholic beverage fortified with grape brandy and
27 containing not more than twenty-four percent of alcohol by volume.

28 Sec. 2. Section 4-203, Arizona Revised Statutes, is amended to
29 read:

30 4-203. Licenses; issuance; transfer; reversion to state

31 A. A spirituous liquor license shall be issued only after
32 satisfactory showing of the capability, qualifications and reliability of
33 the applicant and, with the exception of wholesaler, producer, government
34 or club licenses, that the public convenience requires and that the best
35 interest of the community will be substantially served by the issuance. If
36 an application is filed for the issuance of a transferable or
37 nontransferable license, other than for a craft distiller license, a
38 microbrewery license or a farm winery license, for a location that on the
39 date the application is filed has a valid license of the same series, or
40 in the case of a restaurant license application filed for a location with
41 a valid hotel-motel license, issued at that location, there shall be a
42 rebuttable presumption that the public convenience and best interest of
43 the community at that location was established at the time the location
44 was previously licensed. The presumption may be rebutted by competent
45 contrary evidence. The presumption shall not apply once the licensed

1 location has not been in use for more than one hundred eighty days and the
2 presumption shall not extend to the personal qualifications of the
3 applicant.

4 B. The license shall be to manufacture, sell or deal in spirituous
5 liquors only at the place and in the manner provided in the license. A
6 separate license shall be issued for each specific business, and each
7 shall specify:

8 1. The particular spirituous liquors that the licensee is
9 authorized to manufacture, sell or deal in.

10 2. The place of business for which issued.

11 3. The purpose for which the liquors may be manufactured or sold.

12 C. A spirituous liquor license issued to a bar, a liquor store or a
13 beer and wine bar shall be transferable as to any permitted location
14 within the same county, if the transfer meets the requirements of an
15 original application. A spirituous liquor license may be transferred to a
16 person qualified to be a licensee, if the transfer is pursuant to either
17 judicial decree, nonjudicial foreclosure of a legal or equitable lien,
18 including security interests held by financial institutions pursuant to
19 section 4-205.05, a sale of the license, a bona fide sale of the entire
20 business and stock in trade, or other bona fide transactions that are
21 provided for by rule. Any change in ownership of the business of a
22 licensee, directly or indirectly, as defined by rule is deemed a transfer,
23 except that there is no transfer if a new artificial person is added to
24 the ownership of a licensee's business but the controlling persons remain
25 identical to the controlling persons that have been previously disclosed
26 to the director as part of the licensee's existing ownership.

27 D. All applications for a new license pursuant to section 4-201 or
28 for a transfer to a new location pursuant to subsection C of this section
29 shall be filed with and determined by the director, except when the
30 governing body of the city or town or the board of supervisors receiving
31 an application pursuant to section 4-201 orders disapproval of the
32 application or when the director, the state liquor board or any aggrieved
33 party requests a hearing. The application shall then be presented to the
34 state liquor board, and the new license or transfer shall not become
35 effective unless approved by the state liquor board.

36 E. A person who assigns, surrenders, transfers or sells control of
37 a liquor license or business that has a spirituous liquor license shall
38 notify the director within thirty business days after the assignment,
39 surrender, transfer or sale. A spirituous liquor license shall not be
40 leased or subleased. A concession agreement entered into under section
41 4-205.03 is not considered a lease or sublease in violation of this
42 section.

43 F. If a person other than those persons originally licensed
44 acquires control over a license or licensee, the person shall file notice
45 of the acquisition with the director within thirty business days after the

1 acquisition of control and a list of officers, directors or other
2 controlling persons on a form prescribed by the director. There is no
3 acquisition of control if a new person is added to the ownership of a
4 licensee's business but the controlling persons remain identical to the
5 controlling persons that have been previously disclosed to the director as
6 part of the licensee's existing ownership. All officers, directors or
7 other controlling persons shall meet the qualifications for licensure as
8 prescribed by this title. On request, the director shall conduct a
9 preinvestigation before the assignment, sale or transfer of control of a
10 license or licensee, the reasonable costs of which, not more than \$1,000,
11 shall be borne by the applicant. The preinvestigation shall determine
12 whether the qualifications for licensure as prescribed by this title are
13 met. On receipt of notice of an acquisition of control or request of a
14 preinvestigation, the director, within fifteen days after receipt, shall
15 forward the notice of the acquisition of control to the local governing
16 body of the city or town, if the licensed premises is in an incorporated
17 area, or the county, if the licensed premises is in an unincorporated
18 area. The director shall include in the notice to the local governing
19 body written instructions on how the local governing body may examine,
20 free of charge, the results of the department's investigation regarding
21 the capabilities, qualifications and reliability of all officers,
22 directors or other controlling persons listed in the application for
23 acquisition of control. The local governing body, or the governing body's
24 designee, may provide the director with a recommendation, either in favor
25 of or against the acquisition of control, within sixty days after the
26 director mails the notice, but section 4-201 does not apply to the
27 acquisition of control provided for in this section. A local governing
28 body may charge not more than one fee, regardless of the number of
29 licenses held by the applicant, for review of one or more applications for
30 acquisition of control submitted to the department at the same time and
31 for the same entity. Within one hundred five days after filing the notice
32 of the acquisition of control, the director shall determine whether the
33 applicant is qualified, capable and reliable for licensure. A
34 recommendation by the local governing body, or the governing body's
35 designee, against the acquisition of control or denial by the director
36 shall be set for a hearing before the board. The person who has acquired
37 control of a license or licensee has the burden of an original application
38 at the hearing, and the board shall make its determination pursuant to
39 section 4-202 and this section with respect to capability, reliability and
40 qualification.

41 G. A licensee who holds a license in nonuse status for more than
42 five months shall be required to pay a \$100 surcharge for each month
43 thereafter. The surcharge shall be paid at the time the license is
44 returned to active status. A license automatically reverts to the state
45 after being held in continuous nonuse for more than thirty-six

1 months. The director may waive the surcharge and may extend the time
2 period provided in this subsection for good cause if the licensee files a
3 written request for an extension of time to place the license in active
4 status before the date of the automatic reversion. Unless the reverted
5 license of the licensee has been subsequently reissued, the director shall
6 relieve a licensee or its legal representative from a prior license
7 reversion under this section if the request for such relief is filed in
8 writing not later than two years after the date of reversion. A license
9 shall not be deemed to have gone into active status if the license is
10 transferred to a location that at the time of or immediately before the
11 transfer had an active license of the same type, unless the licenses are
12 under common ownership or control.

13 H. A restructuring of a licensee's business is not an acquisition
14 of control, a transfer of a spirituous liquor license or the issuance of a
15 new spirituous liquor license if both of the following apply:

16 1. All of the controlling persons of the licensee and the new
17 business entity are identical.

18 2. There is no change in control or beneficial ownership.

19 I. If subsection H of this section applies, the licensee's history
20 of violations of this title is the history of the new business entity. The
21 director may prescribe a form and shall require the applicant to provide
22 the necessary information to ensure compliance with this subsection and
23 subsections F and G of this section.

24 J. Notwithstanding subsection B of this section, the holder of a
25 retail license in this state having off-sale privileges, except a bar,
26 beer and wine bar or restaurant licensee, may take orders by telephone,
27 mail, fax or catalog, through the internet or by other means for the sale
28 and delivery of spirituous liquor off of the licensed premises to a person
29 in this state in connection with the sale of spirituous liquor.
30 Notwithstanding the definition of "sell" prescribed in section 4-101, the
31 placement of an order and payment pursuant to this section is not a sale
32 until delivery has been made. At the time that the order is placed, the
33 licensee shall inform the purchaser that state law requires a purchaser of
34 spirituous liquor to be at least twenty-one years of age and that the
35 person accepting delivery of the spirituous liquor is required to comply
36 with this state's age identification requirements as prescribed in section
37 4-241, subsections A and K. The licensee may maintain a delivery service
38 and may contract with one or more independent contractors, that may also
39 contract with one or more independent contractors, or may contract with a
40 common carrier for delivery of spirituous liquor if the spirituous liquor
41 is loaded for delivery at the premises of the retail licensee in this
42 state and delivered in this state. Except if the person delivering the
43 order has personally retrieved and bagged or otherwise packaged the
44 container of spirituous liquor for delivery and the licensee records, or
45 requires to be recorded electronically, the identification information for

1 each delivery, all containers of spirituous liquor delivered pursuant to
2 this subsection shall be conspicuously labeled with the words "contains
3 alcohol, signature of person who is twenty-one years of age or older is
4 required for delivery". The licensee is responsible for any violation of
5 this title or any rule adopted pursuant to this title that is committed in
6 connection with any sale or delivery of spirituous liquor. Delivery must
7 be made by an employee of the licensee or other authorized person as
8 provided by this section who is at least twenty-one years of age to a
9 customer who is at least twenty-one years of age and who displays an
10 identification at the time of delivery that complies with section 4-241,
11 subsection K. The retail licensee shall collect payment for the full
12 price of the spirituous liquor from the purchaser before the product
13 leaves the licensed premises. The director shall adopt rules that set
14 operational limits for the delivery of spirituous liquors by the holder of
15 a retail license having off-sale privileges. With respect to the delivery
16 of spirituous liquor, for any violation of this title or any rule adopted
17 pursuant to this title that is based on the act or omission of a
18 licensee's employee or other authorized person, the mitigation provision
19 of section 4-210, subsection G applies, with the exception of the training
20 requirement. For the purposes of this subsection and notwithstanding the
21 definition of "sell" prescribed in section 4-101, section 4-241,
22 subsections A and K apply only at the time of delivery. For the purposes
23 of compliance with this subsection, an independent contractor, a
24 subcontractor of an independent contractor, the employee of an independent
25 contractor or the employee of a subcontractor is deemed to be acting on
26 behalf of the licensee when making a delivery of spirituous liquor for the
27 licensee.

28 K. Except as provided in subsection J of this section, Arizona
29 licensees may transport spirituous liquors for themselves in vehicles
30 owned, leased or rented by the licensee.

31 L. Notwithstanding subsection B of this section, an off-sale retail
32 licensee may provide consumer tasting of wines off of the licensed
33 premises subject to all applicable provisions of section 4-206.01.

34 M. The director may adopt reasonable rules to protect the public
35 interest and prevent abuse by licensees of the activities permitted such
36 licensees by subsections J and L of this section.

37 N. Failure to pay any surcharge prescribed by subsection G of this
38 section or failure to report the period of nonuse of a license shall be
39 grounds for revocation of the license or grounds for any other sanction
40 provided by this title. The director may consider extenuating
41 circumstances if control of the license is acquired by another party in
42 determining whether or not to impose any sanctions under this subsection.

0. If a licensed location has not been in use for three years, the location must requalify for a license pursuant to subsection A of this section and shall meet the same qualifications required for issuance of a new license except when the director deems that the nonuse of the location was due to circumstances beyond the licensee's control and an extension of time has been granted pursuant to subsection G of this section.

P. If the licensee's interest is forfeited pursuant to section 4-210, subsection L, the location shall requalify for a license pursuant to subsection A of this section and shall meet the same qualifications required for issuance of a new license except when a bona fide lienholder demonstrates mitigation pursuant to section 4-210, subsection K.

Q. The director may implement a procedure for the issuance of a license with a licensing period of two years.

R. For any sale of a farm winery or craft distiller or change in ownership of a farm winery or craft distiller directly or indirectly, the business, stock-in-trade and spirituous liquor may be transferred with the ownership, in compliance with the applicable requirements of this title.

S. Notwithstanding subsection B of this section, bar, beer and wine bar, liquor store, beer and wine store or restaurant licensees in this state may take orders by telephone, mail, fax or catalog, through the internet or by other means for the sale and delivery of spirituous liquor off the licensed premises as follows:

1. Bar licensees for beer, wine, distilled spirits and mixed cocktails.

2. Beer and wine bar licensees for beer and wine.

3. Liquor store licensees for beer, wine, distilled spirits and mixed cocktails.

4. Beer and wine store licensees for beer, ~~and~~ wine **AND READY-TO-DRINK SPIRITS PRODUCTS**.

5. Restaurant licensees for any of the following:

(a) Mixed cocktails, with the sale of menu food items for consumption on or off the licensed premises, if the restaurant holds a permit issued pursuant to section 4-203.07 and section 4-205.02, subsection K or a lease pursuant to section 4-203.06.

(b) Beer if the restaurant holds a permit issued pursuant to section 4-205.02, subsection H.

(c) Beer, wine and distilled spirits if the restaurant holds an off-sale privileges lease with a bar or liquor store pursuant to section 4-203.07.

(d) Beer and wine if the restaurant holds an off-sale privileges lease with a beer and wine bar pursuant to section 4-203.07.

T. Notwithstanding the definition of "sell" prescribed in section 4-101, placing an order and paying for that order pursuant to subsection S of this section is not a sale until delivery has been made. At the time that the order is placed, the licensee shall inform the purchaser that

1 state law requires a purchaser of spirituous liquor to be at least
2 twenty-one years of age and that the person accepting delivery of the
3 spirituous liquor is required to comply with this state's age
4 identification requirements as prescribed in section 4-241, subsections A
5 and K. The licensee may maintain a delivery service and may contract with
6 one or more alcohol delivery contractors registered pursuant to section
7 4-205.13 for delivery of spirituous liquor if the spirituous liquor is
8 packaged and tamperproof sealed by the bar, beer and wine bar, liquor
9 store, beer and wine store or restaurant licensee or the licensee's
10 employee and is loaded for delivery at the premises of the restaurant,
11 beer and wine bar, liquor store, beer and wine store or bar licensee in
12 this state and delivered in this state on the same business day. A liquor
13 store or beer and wine store licensee may contract with one or more
14 independent contractors as provided in subsection J of this section for
15 delivery of spirituous liquor if the spirituous liquor is loaded for
16 delivery at the premises of the liquor store or beer and wine store
17 licensee in this state and delivered in this state on the same business
18 day. All containers of spirituous liquor delivered pursuant to subsection
19 S of this section shall be tamperproof sealed and conspicuously labeled
20 with the words "contains alcohol, signature of person who is twenty-one
21 years of age or older is required for delivery". The licensee is
22 responsible for any violation of this title or any rule adopted pursuant
23 to this title that is committed in connection with any sale or delivery of
24 spirituous liquor. Delivery must be made by an employee of the licensee
25 or an employee or authorized independent contractor of a registered
26 alcohol delivery contractor as provided by this section who is at least
27 twenty-one years of age and delivery must be made to a customer who is at
28 least twenty-one years of age and who displays an identification at the
29 time of delivery that complies with section 4-241, subsection K. The
30 restaurant, beer and wine bar, liquor store, beer and wine store or bar
31 licensee shall collect payment for the full price of the spirituous liquor
32 from the purchaser before the product leaves the licensed premises. The
33 director shall adopt rules that set operational limits for the delivery of
34 spirituous liquor pursuant to this subsection and subsection S of this
35 section with respect to the delivery of spirituous liquor. For any
36 violation of this title or any rule adopted pursuant to this title that is
37 based on the act or omission of a licensee's employee or a registered
38 alcohol delivery contractor, the mitigation provision of section 4-210,
39 subsection G applies, with the exception of the training requirement. For
40 the purposes of this subsection and notwithstanding the definition of
41 "sell" prescribed in section 4-101, section 4-241, subsections A and K
42 apply only at the time of delivery. An alcohol delivery contractor, a
43 subcontractor of an alcohol delivery contractor, an employee of an alcohol
44 delivery contractor or an employee of a subcontractor is deemed to be
45 acting on behalf of the licensee when making a delivery of spirituous

liquor for the licensee. For the purposes of this subsection, "business day" means between the hours of 6:00 a.m. of one day and 2:00 a.m. of the next day.

Sec. 3. Section 4-206.01, Arizona Revised Statutes, is amended to read:

4-206.01. Bar, beer and wine bar or liquor store licenses; number permitted; fee; sampling privileges; off-sale permit

A. The director shall determine the total number of spirituous liquor licenses by type and in each county. The director shall publish a listing of that information as determined by the director.

B. In each county, the director, each year, shall issue additional bar or liquor store licenses at the rate of one of each type for each additional ten thousand person increase over the population in that county as of July 1, 2010. For every license that has been revoked or reverted in any county, the director may issue a new license of the same series in the same county, except that if there are more than five licenses of a particular class, the director may issue five new licenses plus an additional number of new licenses equivalent to twenty percent of the difference between the number of revoked or reverted licenses per year and five. The director may waive the issuance of licenses in a county for one year where there has been no request made to the department for the issuance of a new license of that series. For the purposes of this subsection, the population of a county is deemed to be the population estimated by the office of economic opportunity as of July 1 of each year.

~~C. In each county, the director, each year, shall issue additional beer and wine bar licenses at the rate of one for each additional five thousand person increase over the population in that county as of July 1, 2010. Beginning January 1, 2022,~~ In each county, the director, each year, shall issue additional beer and wine bar licenses at the rate of one for each additional ten thousand person increase over the population in that county as of July 1, 2010. For every license that has been revoked or reverted in any county, the director may issue a new license of the same series in the same county, except that if there are more than five licenses of a particular class, the director may issue five new licenses plus an additional number of new licenses equivalent to twenty percent of the difference between the number of revoked or reverted licenses per year and five. The director may waive the issuance of licenses in a county for one year if there has been no request made to the department for the issuance of a new license of that series. For the purposes of this subsection, the population of a county is deemed to be the population estimated as of July 1 of each year by the office of economic opportunity.

1 D. A person issued a license authorized by subsection B or C of
2 this section shall pay an additional issuance fee equal to the license's
3 fair market value that shall be paid to the state general fund. An
4 appraisal shall be conducted to determine the fair market value of that
5 license type in a specific county. The fair market value is defined to
6 mean the price arrived at in good faith that a knowledgeable and willing
7 buyer will pay and is computed by determining the average value, or
8 weighted average value if there are trends in license pricing in that
9 county, of licenses of the same type, free of any encumbrances, sold on
10 the open market in the same county during the prior twelve months, but if
11 there are not three or more sales then the fair market value is determined
12 by two appraisals furnished to the department by independent professional
13 appraisers employed by the director. The valuation method under both
14 approaches shall take into account trends in the value of licenses of the
15 specific type during the previous twelve months. A new license authorized
16 pursuant to subsection B or C of this section may not be issued to a
17 person or entity that has had a similar license revoked or reverted unless
18 the person or entity provides the director with satisfactory proof that
19 all previous liens on the revoked or reverted license have been satisfied
20 in full.

21 E. The director shall employ professional appraisal services to
22 determine the fair market value of bar, beer and wine bar or liquor store
23 licenses.

24 F. If more than one person applies for an available license, a
25 priority of applicants shall be determined by a random selection method
26 prescribed by the director, except that the number of times that a person
27 may enter the random selection process shall not exceed the number of
28 licenses of that series that are available for issuance. For the purposes
29 of this subsection, a partnership, limited liability company, association,
30 company or corporation is considered the same person if it is owned,
31 managed, operated or controlled by the same controlling person.

32 G. Bar licenses and beer and wine bar licenses shall be issued and
33 used only if the clear primary purpose and actual primary use is for
34 on-sale retailer privileges. The off-sale privileges associated with a
35 bar license and a beer and wine bar license shall be limited to use, which
36 is clearly auxiliary to the active primary on-sale privilege. A bar
37 license or a beer and wine bar license shall not be issued or used if the
38 associated off-sale use, by total retail spirituous liquor sales, exceeds
39 thirty percent of the sales price of on-sale spirituous liquors by the
40 licensee at that location. For dual licenses issued pursuant to a single
41 site or where a second license is issued to a site that already has a
42 spirituous liquor license, other than settlement licenses issued as
43 provided by law, the applicant has the burden of establishing that public
44 convenience and the best interest of the community will be served by the
45 issuance of the license.

1 H. The director may issue a beer and wine store license to the
2 holder of a beer and wine bar license simultaneously at the same premises.
3 An applicant for a beer and wine bar license and a beer and wine store
4 license may consolidate the application and may apply for both licenses at
5 the same time. The holder of each license shall fully comply with this
6 title. A beer and wine bar license and beer and wine store license on the
7 same premises shall be owned by and issued to the same licensee.

8 I. The director may issue a beer and wine bar license to the holder
9 of a liquor store license issued simultaneously at the same premises. An
10 applicant for a liquor store license and a beer and wine bar license may
11 consolidate the application and may apply for both licenses at the same
12 time. The holder of each license shall fully comply with this title. A
13 liquor store license and a beer and wine bar license on the same premises
14 shall be owned by and issued to the same licensee.

15 J. The director may issue a restaurant license to the holder of a
16 beer and wine bar license issued simultaneously at the same premises. An
17 applicant for a restaurant license and a beer and wine bar license may
18 consolidate the application and may apply for both licenses at the same
19 time. The holder of each license shall fully comply with this title. A
20 restaurant license and a beer and wine bar license on the same premises
21 shall be owned by and issued to the same licensee. The limitation stated
22 in subsection G of this section with respect to the off-sale privileges of
23 the beer and wine bar licenses shall be measured against the on-sales of
24 beer and wine sales of the establishment. For the purposes of compliance
25 with section 4-205.02, subsection M, paragraph 2, it shall be conclusively
26 presumed that all on-premises sales of spirituous liquors are made under
27 the authority of the restaurant license.

28 K. An applicant for a liquor store license or a beer and wine store
29 license and the licensee of a liquor store license or a beer and wine
30 store license may apply for sampling privileges associated with the
31 license. Beer and wine store premises containing less than five thousand
32 square feet must dedicate at least seventy-five percent of retail shelf
33 space to the sale of spirituous liquor in order to be eligible for
34 sampling privileges. A person desiring a sampling privilege associated
35 with a liquor store license shall apply to the director on a form
36 prescribed and furnished by the director. The application for sampling
37 privileges may be filed for an existing license or may be submitted with
38 an initial license application. The request for sampling approval, the
39 review of the application and the issuance of approval shall be conducted
40 under the same procedures for the issuance of a spirituous liquor license
41 prescribed in section 4-201. After a sampling privilege has been issued
42 for a liquor store license or a beer and wine store license, the sampling
43 privilege shall be noted on the license itself and in the records of the
44 department. The sampling rights associated with a license are not
45 transferable. The director may charge a fee for processing each

1 application for sampling privileges and a renewal fee as provided in this
 2 section. A city or town shall not charge any fee relating to the issuance
 3 or renewal of a sampling privilege. Notwithstanding section 4-244,
 4 paragraph 19, a liquor store licensee or a beer and wine store licensee
 5 that holds a license with sampling privileges may provide spirituous
 6 liquor sampling subject to the following requirements:

7 1. Any open product shall be kept locked by the licensee when the
 8 sampling area is not staffed.

9 2. The licensee is otherwise subject to all other provisions of
 10 this title. The licensee is liable for any violation of this title
 11 committed in connection with the sampling.

12 3. The licensed retailer shall make sales of sampled products from
 13 the licensed retail premises.

14 4. The licensee shall not charge any customer for the sampling of
 15 any products, except that the licensee may charge a fee for bona fide
 16 educational classes conducted in a classroom by an instructor on the
 17 licensed premises where the sampling of any spirituous liquor product is
 18 incidental to the course taught and to the course materials presented.

19 5. The sampling shall be conducted under the supervision of an
 20 employee of a sponsoring distiller, vintner, brewer, wholesaler or retail
 21 licensee.

22 6. Accurate records of sampling products dispensed shall be
 23 retained by the licensee.

24 7. Sampling shall be limited to three ounces of beer or cooler-type
 25 products, one and one-half ounces of wine and one ounce of distilled
 26 spirits per person, per brand, per day.

27 8. The sampling shall be conducted only on the licensed premises.

28 L. If a beer and wine bar license and a beer and wine store license
 29 are issued at the same premises, for the purposes of reporting liquor
 30 purchases under each license, all spirituous beverages purchased for
 31 sampling are conclusively presumed to be purchased under the beer and wine
 32 bar license and all spirituous liquor sold off-sale are conclusively
 33 presumed to be purchased under the beer and wine store license.

34 M. The director may issue a beer and wine store license to the
 35 holder of a bar license simultaneously at the same premises. An applicant
 36 for a beer and wine store license and a bar license may consolidate the
 37 application and may apply for both licenses at the same time. The holder
 38 of each license shall fully comply with this title. A beer and wine store
 39 license and a bar license on the same premises shall be owned by and
 40 issued to the same licensee. If a beer and wine store license and a bar
 41 license are issued at the same premises, for purposes of reporting liquor
 42 purchases under each license, all off-sale beer, **READY-TO-DRINK SPIRITS**
 43 **PRODUCTS** and wine sales are conclusively presumed to be purchased under
 44 the beer and wine store license.

1 Sec. 4. Section 42-3001, Arizona Revised Statutes, is amended to
2 read:

3 42-3001. Definitions

4 In this chapter, unless the context otherwise requires:

5 1. "Affix" and "affixed" include imprinting tax meter stamps on
6 packages and individual containers as authorized by the department.

7 2. "Brand family" has the same meaning prescribed in section
8 44-7111.

9 3. "Cavendish" means a tobacco product that is smoked from a pipe
10 and that meets one of the following criteria:

11 (a) Is described as cavendish, as containing cavendish or as a
12 cavendish blend on its packaging, labeling or promotional materials.

13 (b) Appears to have been processed or manufactured with an amount
14 of flavorings and humectants that exceeds twenty percent of the weight of
15 the tobacco contained in the product.

16 (c) Appears to be blended with or contain a tobacco product
17 described in subdivision (b) of this paragraph.

18 4. "Cider" means vinous liquor that is made from the normal
19 alcoholic fermentation of the juice of sound, ripe apples, pears or other
20 pome fruit, including flavored, sparkling and carbonated cider and cider
21 made from condensed apple, pear or other pome fruit must, and that
22 contains more than one-half of one percent of alcohol by volume but not
23 more than seven percent of alcohol by volume.

24 5. "Cigar" means any roll of tobacco wrapped in leaf tobacco or in
25 any substance containing tobacco other than any roll of tobacco that is a
26 cigarette, as defined in paragraph 6, subdivision (b) of this section.

27 6. "Cigarette" means either of the following:

28 (a) Any roll of tobacco wrapped in paper or any substance not
29 containing tobacco.

30 (b) Any roll of tobacco wrapped in any substance containing tobacco
31 that, because of its appearance, the type of tobacco used in the filler or
32 its packaging and labeling, is likely to be offered to or purchased by a
33 consumer as a cigarette described in subdivision (a) of this paragraph.
34 This subdivision shall be interpreted consistently with the classification
35 guidelines established by the federal alcohol and tobacco tax and trade
36 bureau.

37 7. "Consumer" means a person in this state that comes into
38 possession of any luxury subject to the tax imposed by this chapter and
39 that, on coming into possession of the luxury, is not a distributor
40 intending to sell or distribute the luxury, a retailer or a wholesaler.

41 8. "Craft distiller" means a distiller in the United States or in a
42 territory or possession of the United States that holds a license pursuant
43 to section 4-205.10.

1 9. "Distributor" means any person that manufactures, produces,
2 ships, transports or imports into this state or in any manner acquires or
3 possesses for the purpose of making the first sale of the following:

4 (a) Cigarettes without Arizona tax stamps affixed as required by
5 this article.

6 (b) Roll-your-own tobacco or other tobacco products on which the
7 taxes have not been paid as required by this chapter.

8 10. "Farm winery" has the same meaning prescribed in section 4-101.

9 11. "First sale" means the initial sale or distribution in
10 intrastate commerce or the initial use or consumption of cigarettes,
11 roll-your-own tobacco or other tobacco products.

12 12. "Luxury" means any article, object or device on which a tax is
13 imposed under this chapter.

14 13. "Malt liquor" means any liquid that contains more than one-half
15 of one percent alcohol by volume and that is made by the process of
16 fermentation and not distillation of hops or grains, but not including:

17 (a) Liquids made by the process of distillation of such substances.

18 (b) Medicines that are unsuitable for beverage purposes.

19 14. "Master settlement agreement" has the same meaning prescribed
20 in section 44-7101.

21 15. "Microbrewery" has the same meaning prescribed in section
22 4-101.

23 16. "Nonparticipating manufacturer" has the same meaning prescribed
24 in section 44-7111.

25 17. "Other tobacco products" means tobacco products other than
26 cigarettes and roll-your-own tobacco.

27 18. "Participating manufacturer" has the same meaning prescribed in
28 section 44-7111.

29 19. "Person" means any individual, firm, partnership, joint
30 venture, association, corporation, municipal corporation, estate, trust,
31 club, society or other group or combination acting as a unit, and the
32 plural as well as the singular number.

33 20. "Place of business":

34 (a) Means a building, facility site or location where an order is
35 received or where tobacco products are sold, distributed or transferred.

36 ~~Place of business~~

37 (b) Does not include a vehicle.

38 21. "READY-TO-DRINK SPIRITS PRODUCTS" MEANS DISTILLED SPIRITS MIXED
39 WITH OTHER BEVERAGES THAT MAY CONTAIN FLAVORING OR COLORING MATERIALS AND
40 OTHER INGREDIENTS, THAT DO NOT EXCEED TWELVE PERCENT ALCOHOL BY VOLUME AND
41 ARE SOLD IN THE MANUFACTURER'S ORIGINAL PACKAGING.

~~21.~~ 22. "Retailer" means any person that comes into possession of any luxury subject to the taxes imposed by this chapter for the purpose of selling it for consumption and not for resale.

~~22.~~ 23. "Roll-your-own tobacco" means any tobacco that, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to or purchased by consumers as tobacco for making cigarettes. This paragraph shall be interpreted consistently with the term as used in section 44-7101. This paragraph shall be interpreted consistently with the classification guidelines established by the federal alcohol and tobacco tax and trade bureau.

~~23.~~ 24. "Smoking tobacco":

(a) Means any tobacco that, because of its appearance, type, packaging, labeling or promotion, is suitable for use and likely to be offered to or purchased by consumers as tobacco for making cigarettes or otherwise consumed by burning. ~~Smoking tobacco~~

(b) Includes pipe tobacco and roll-your-own tobacco.

~~24.~~ 25. "Spirituos liquor":

(a) Means any liquid that contains more than one-half of one percent alcohol by volume, that is produced by distillation of any fermented substance and that is used or prepared for use as a beverage. ~~Spirituos liquor~~

(b) Does not include medicines that are unsuitable for beverage purposes.

~~25.~~ 26. "Tobacco product manufacturer" has the same meaning prescribed in section 44-7101.

~~26.~~ 27. "Tobacco products" means all luxuries included in section 42-3052, paragraphs 5 through 9.

~~27.~~ 28. "Vehicle" means a device in, on or by which a person or property is or may be transported or drawn on the roads of this state regardless of the means by which it is propelled or whether it runs on a track.

~~28.~~ 29. "Vinous liquor":

(a) Means any liquid that contains more than one-half of one percent alcohol by volume and that is made by the process of fermentation of grapes, berries, fruits, vegetables or other substances. ~~But~~

(b) Does not include:

~~(a)~~ (i) Liquids in which hops or grains are used in the process of fermentation.

~~(b)~~ (ii) Liquids made by the process of distillation of hops or grains.

~~(c)~~ (iii) Medicines that are unsuitable for beverage purposes.

~~29.~~ 30. "Wholesaler" means a person that sells any spirituous, vinous or malt liquor taxed under this chapter to retail dealers or for the purposes of resale only.

1 Sec. 5. Section 42-3052, Arizona Revised Statutes, is amended to
2 read:

3 42-3052. Classifications of luxuries; rates of tax

4 The taxes under this chapter are imposed at the following rates:

5 1. On each sealed container of spirituous liquor, ~~at the rate of~~
6 ~~three dollars~~ \$3 per gallon and at a proportionate rate for any lesser or
7 greater quantity than one gallon.

8 2. On each container of vinous liquor, except cider, of which the
9 alcoholic content is not greater than twenty-four ~~per cent~~ PERCENT by
10 volume ~~AND READY-TO-DRINK SPIRITS PRODUCTS, at the rate of eighty-four~~
11 ~~cents~~ \$.84 per gallon and at a proportionate rate for any lesser or
12 greater quantity than one gallon.

13 3. On each container of vinous liquor of which the alcoholic
14 content is greater than twenty-four ~~per cent~~ PERCENT by volume, containing
15 eight ounces or less, ~~twenty-five cents~~ \$.25, and for each eight ounces
16 for containers containing more than eight ounces, ~~twenty-five cents~~ \$.25.

17 4. On each gallon of malt liquor or cider, ~~sixteen cents~~ \$.16, and
18 at a proportionate rate for any lesser or greater quantity than one
19 gallon.

20 5. On each cigarette, ~~nine-tenths cent~~ \$.009.

21 6. On smoking tobacco, snuff, fine cut chewing tobacco, cut and
22 granulated tobacco, shorts and refuse of fine cut chewing tobacco, and
23 refuse, scraps, clippings, cuttings and sweepings of tobacco, excluding
24 tobacco powder or tobacco products used exclusively for agricultural or
25 horticultural purposes and unfit for human consumption, ~~two cents~~ \$.02 per
26 ounce or major fraction of an ounce.

27 7. On all cavendish, plug or twist tobacco, ~~one-half cent~~ \$.005 per
28 ounce or fractional part of an ounce.

29 8. On each twenty small cigars or fractional part weighing not more
30 than three pounds per thousand, ~~four cents~~ \$.04.

31 9. On cigars of all descriptions except those included in paragraph
32 8 of this section, made of tobacco or any tobacco substitute:

33 (a) If manufactured to retail at not more than ~~five cents~~ \$.05
34 each, ~~two cents~~ \$.02 on each three cigars.

35 (b) If manufactured to retail at more than ~~five cents~~ \$.05 each,
36 ~~two cents~~ \$.02 on each cigar.

37 Sec. 6. Section 42-3351, Arizona Revised Statutes, is amended to
38 read:

39 42-3351. Bonds required of liquor wholesalers; exemption

40 A. Every wholesaler of spirituous, vinous and malt liquors ~~AND~~
41 ~~READY-TO-DRINK SPIRITS PRODUCTS~~ shall file with the department, in such
42 form as the department prescribes, a bond or bonds, ~~and~~ duly executed by the
43 wholesaler as principal, ~~and~~ with a corporation duly authorized to
44 execute and write bonds within the state as surety, payable to the

1 state, and conditioned ~~upon~~ ON the payment of all taxes, penalties and
 2 other obligations of the wholesaler arising under this chapter.

3 B. The department shall fix the total amount of the bond or bonds
 4 required of the wholesaler and may increase or reduce the amount at any
 5 time. In fixing the total amount, the department shall require a bond or
 6 bonds equivalent in total amount to twice the wholesaler's estimated
 7 monthly tax, ascertained in such manner as the department deems
 8 proper. The total amount of the bond or bonds required of any wholesaler
 9 shall not be less than ~~two thousand dollars~~ \$2,000.

10 C. A wholesaler is exempt from the requirements of this section if
 11 the wholesaler has made timely payment of the taxes imposed by this
 12 chapter for the twenty-four consecutive months immediately preceding the
 13 current month.

14 Sec. 7. Section 42-3354, Arizona Revised Statutes, is amended to
 15 read:

16 42-3354. Return and payment by spirituous and vinous liquor
 17 and ready-to-drink spirits product wholesalers

18 A. Every wholesaler of spirituous liquors selling spirituous
 19 liquors within ~~the~~ THIS state shall pay the tax under this chapter on all
 20 such liquor sold within ~~the~~ THIS state and add the amount of the tax to
 21 the sales price.

22 B. Every wholesaler of vinous liquors selling vinous liquors other
 23 than ciders as defined in section 42-3001 within this state shall pay the
 24 tax under this chapter on all such liquors sold within this state and add
 25 the amount of tax to the sales price.

26 C. EVERY WHOLESALER OF READY-TO-DRINK SPIRITS PRODUCTS SELLING
 27 READY-TO-DRINK SPIRITS PRODUCTS WITHIN THIS STATE SHALL PAY THE TAX
 28 PURSUANT TO THIS CHAPTER ON ALL SUCH PRODUCTS SOLD WITHIN THIS STATE AND
 29 ADD THE AMOUNT OF TAX TO THE SALES PRICE.

30 ~~C.~~ D. The wholesaler shall pay the tax to the department monthly
 31 on or before the twentieth day of the month next succeeding the month in
 32 which the tax accrues.

33 ~~D.~~ E. On or before the date prescribed by subsection ~~C.~~ D of this
 34 section, the wholesaler shall prepare a sworn return for the month in
 35 which the tax accrues in the form prescribed by the department, showing:

36 1. The amount of spirituous liquors sold in this state during the
 37 month in which the tax accrues.

38 2. The amount of vinous liquors other than ciders as defined in
 39 section 42-3001 sold in ~~the~~ THIS state during the month in which the tax
 40 accrues.

41 3. THE AMOUNT OF READY-TO-DRINK SPIRITS PRODUCTS SOLD IN THIS STATE
 42 DURING THE MONTH IN WHICH THE TAX ACCRUES.

43 ~~3.~~ 4. The amount of tax for the period covered by the return.

44 ~~4.~~ 5. Any other information that the department deems necessary
 45 for the proper administration of this chapter.

~~F.~~ F. The wholesaler shall deliver the return, together with a remittance of the amount of the tax due, to the department.

~~F.~~ G. Any taxpayer that fails to pay the tax within ten days ~~from~~ AFTER the date on which the payment becomes due is subject to and shall pay a penalty determined under section 42-1125, plus interest at the rate determined pursuant to section 42-1123 from the time the tax was due and payable until paid.

~~G.~~ H. For reporting periods beginning from and after December 31, 2019, or when the department has established an electronic filing program, whichever is later, each taxpayer shall file electronically any report or return required under this chapter. The report or return is considered to be filed and received by the department on the date of the electronic postmark pursuant to section 42-1105.02.

Sec. 8. Section 42-3355, Arizona Revised Statutes, is amended to read:

42-3355. Return and payment by farm wineries, manufacturers, direct shipment licensees, microbreweries and craft distillers

A. Every farm winery selling vinous liquor at retail or to a retail licensee pursuant to title 4, chapter 2 manufactured or produced on the premises, producer of vinous liquor that sells at retail pursuant to section 4-243.02 or direct shipment licensee that sells pursuant to section 4-203.04 shall pay the tax under this chapter on all such liquor sold at retail or to a retail licensee within this state and add the amount of the tax to the sales price.

B. Every microbrewery selling malt liquor at retail or to a retail licensee pursuant to title 4, chapter 2 manufactured or produced on the premises or a manufacturer of beer that sells at retail pursuant to section 4-243.02 shall pay the tax under this chapter on all malt liquor sold at retail or to a retail licensee within this state and add the amount of the tax to the sales price.

C. Every craft distiller selling spirituous liquor ~~OR READY-TO-DRINK SPIRITS PRODUCTS~~ at retail or to a retail licensee pursuant to title 4, chapter 2, manufactured or produced on the premises or a distiller of spirituous liquor ~~OR READY-TO-DRINK SPIRITS PRODUCTS~~ that sells at retail pursuant to section 4-243.02 shall pay the tax under this chapter on all spirituous liquor ~~OR READY-TO-DRINK SPIRITS PRODUCTS~~ sold at retail or to a retail licensee within this state and add the amount of the tax to the sales price.

D. The farm winery, manufacturer, microbrewery, craft distiller or direct shipment licensee shall pay the tax to the department monthly on or before the twentieth day of the month next succeeding the month in which the tax accrues.

E. On or before that date, the farm winery, manufacturer, microbrewery, craft distiller or direct shipment licensee shall prepare a

1 sworn return for the month in which the tax accrues in the form prescribed
2 by the department, showing:

3 1. The amount of liquors or beer sold in this state during the
4 month in which the tax accrues.

5 2. The amount of tax for the period covered by the return.

6 3. Any other information that the department deems necessary for
7 the proper administration of this chapter.

8 F. The farm winery, manufacturer, microbrewery, craft distiller or
9 direct shipment licensee shall deliver the return, together with a
10 remittance of the amount of the tax due, to the department.

11 G. Any taxpayer that fails to pay the tax within ten days after the
12 date on which the payment becomes due is subject to and shall pay a
13 penalty determined under section 42-1125, plus interest at the rate
14 determined pursuant to section 42-1123 from the time the tax was due and
15 payable until paid.

16 H. For reporting periods beginning from and after December 31,
17 2019, or when the department has established an electronic filing program,
18 whichever is later, each taxpayer shall file electronically any report or
19 return required under this chapter. The report or return is considered to
20 be filed and received by the department on the date of the electronic
21 postmark pursuant to section 42-1105.02.